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BY THE COMPTROLLER GENERAL

ORIGINAL

Report To The Congress

OF THE UNITED STATES

COMPLETED

DOD Should Give Better Guidance And Training To Contractors Who Classify National Security Information

Over 50 percent of 235 documents GAO randomly selected and examined at 20 contractors were classified incorrectly--overclassified and underclassified--and 90 percent of 496 documents were not marked correctly to protect national security information. These deficiencies occurred primarily because of poor DOD guidance to industry, insufficient training for contractor employees, and inadequate DOD inspections.

This report recommends actions that should improve the program.

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MARCH 23, 1981

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COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

DOD SHOULD GIVE BETTER GUIDANCE AND TRAINING TO CONTRACTORS WHO CLASSIFY NATIONAL SECURITY INFORMATION

D I G E S T

Because of deficiencies in guidance, training, and inspections, some national security information has been classified improperly--both overclassified and underclassified--and has not been properly marked to protect it.

GAO evaluated contractor compliance with the classification program requirements of Executive Order 12065 and the Department of Defense (DOD) by visiting 20 contractors in southern California and by sending about 600 questionnaires to contractors nationwide. GAO concluded that DOD needs to improve

--the classification guidance furnished to contractors,

--its program for training contractor employees in classification management, and

--its program for inspecting contractor compliance with the order, implementing instructions, and classification guidance.

CLASSIFICATION GUIDANCE NEEDS MUCH IMPROVEMENT

Despite the specific requirements of the Executive order and implementing instructions, GAO found:

--Classification guidance was approved and issued by DOD contracting officers and security personnel who did not have original classification authority.

--Classification guidance furnished by DOD was outdated, vague, inconsistent, and oral.

--Information was originally classified by contractor employees who were not authorized original classifiers. (See p. 4.)

IMPROPER CLASSIFICATION OF INFORMATION

GAO examined 235 classified documents to determine if they were classified in accordance with the Executive order and implementing instructions and found that 119, or about 51 percent, had one or more classification errors. Most of the documents contained some information that was overclassified. However, about 10 percent of the documents had some information underclassified. The errors generally were the result of poor guidance from DOD user agencies or contractor employees not following guidance. (See p. 14.)

IMPROPER MARKING OF CLASSIFIED INFORMATION

GAO examined 496 classified documents, including the 235 examined for proper classification, to determine if they were marked in accordance with program requirements. Various markings are required on classified documents to prevent the unauthorized or premature disclosure of classified information and to assure that such information is promptly reviewed, downgraded, or declassified. GAO found that 444 of the documents, or about 90 percent, were improperly marked in one or more ways. The incidence of such errors was high, considering that similar marking requirements were required under the previous Executive order that was in effect from June 1972 through November 1978. (See p. 15.)

IMPROVED TRAINING AND INSPECTIONS NEEDED

On the basis of visits to contractors' facilities and responses to a questionnaire, GAO concluded that about 332,000 contractor employees were not receiving adequate training on how to derivatively classify national security information. Since inception of a DOD information security training course in 1974, only 116 contractor employees had attended as of July 1980. Attendance at the course was supposed to help employees develop and implement training programs at their companies. However, very few contractors had programs that covered all facets of classification management. (See p. 21.)

DOD inspections of contractors' handling of classified documents seldom included an evaluation of whether information had been classified properly. As with training, inspections generally focused on physical safeguards. Most classifiers indicated that GAO's review was the first time that they had been asked to justify their derivative classification decisions. (See p. 22.)

RECOMMENDATIONS

The Secretary of Defense should revise DOD's information security and industrial security program regulations to:

--Clarify that contract security classification specifications not transmitting or referencing approved classification guides and containing the only classification guidance furnished to contractors are, in effect, classification guides and need to be approved personally and in writing by officials with top secret classification authority, as required by Executive Order 12065.

--Require that (1) DOD schools that train project managers emphasize the need for compliance with regulations concerning classification guidance furnished to industry, (2) every solicitation or contract dealing with classified matters be accompanied by a contract security classification specification that has the concurrence of the cognizant security official, and (3) preaward and postaward conferences with contractors discuss security requirements.

--Require that classification guides, instructions, and revisions be reviewed during periodic independent classification inspections to assure compliance with the provisions and intent of the Executive order.

--Expand the training program to (1) include more contractor personnel in the information security training courses given by the Defense Industrial Security Institute and (2) provide assistance to contractors in developing and expanding their training programs on derivative classification.

--Provide definitive guidance on the items to be covered by DOD inspections, with special reference to the need to question the propriety of derivative classification decisions by contractors.

The Secretary of Defense should revise DOD's industrial security manual to provide that contractors identify the source of original classification (a classification guide or classified document) and the office of origin on derivatively classified documents.

AGENCY COMMENTS

DOD believes that the discrepancies noted by GAO are not indicative of noncompliance with the order and that they reflect an already recognized need to generally improve the effectiveness of the dialogue between DOD and its contractors. DOD disagrees with GAO's position on classification guidance and inspections, but concurs in the need for expanded training. However, it cites insufficient resources as the major impediment to improvement. (See pp. 10, 19, and 24 and app. I.)

The National Classification Management Society, a nonprofit organization of individuals in Government and industry dedicated to the improvement of classification management, says that it was not surprised at GAO's findings, only the high percentage of common errors reported. The Society generally concurs with GAO and says that it has been pursuing similar goals since its inception. It points out that problems in guidance are the result of DOD user agencies' failure to do their jobs properly and that improvements in training and inspections would require more DOD resources. The Aerospace Industries Association of America concurs with GAO that little emphasis has been given to classification management, particularly in the area of classification guidance. The Association believes that more education is needed and that user agencies that continue to ignore good classification principles should be officially reprimanded. (See pp. 12, 13, and 25 and apps. II and III.)

DOD's attempt to minimize the seriousness of program deficiencies is at odds with GAO's findings and the views of the Society and the

Association. GAO did not determine the additional resources that might be needed for training. GAO believes that DOD should make that determination and, if additional resources are needed, they should be reassigned or requested. Improvements can be made in inspections by redirecting some of the effort currently being spent on overall security inspections. GAO agrees with the Society that some guidance deficiencies are caused by DOD user agencies. As a result, GAO has added a recommendation to address this point.

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ABBREVIATIONS

GAO	General Accounting Office
DOD	Department of Defense